

CABINET COUNCIL ON MANAGEMENT AND ADMINISTRATION

Meeting #20  
October 6, 1983  
The Roosevelt Room

MINUTES

Attendees: Meese, Heckler, Carmen, Devine, L. Smith, Svahn, Niskanen, Wright, Brown, Ford, Burnley, Alvarez, Jenkins, Bledsoe, Gibson, Gall, Steinberg, Cooke, Hesse, Cribb, Shull, Walters, Babcock, Korten, Dierman.

Workspace Management

The Council resumed discussion of this issue, following a report to the President at the CCMA meeting of September 28, 1983. Mr. Carmen cited disappointing progress to date, and indicated that like the Federal field reform effort, the same agencies seem to be doing well or lagging behind. As of five weeks after the deadline, 28 (of 78) agencies, representing only 11% of the government's workspace inventory, have submitted reduction plans. Of these, 17 agencies met or exceeded the goal of 10% reduction. At this rate, only \$90 million rather than a possible \$1.8 billion will be saved. Mr. Carmen praised the efforts of HUD and Commerce, and noted that the HHS plan looked good. He stated that some agencies have more flexibility than others, but he remains convinced that "fat" can be trimmed.

Mr. Carmen mentioned that, with a White House push, it is likely that two thirds of the plans could be received and analyzed within 30 days. Mr. Meese asked for a list of agencies that had not submitted workspace reduction plans, and stated that the first priority is to get the plans, and then any justifiable exceptions would be considered.

Mr. Meese questioned GSA honoring requests by tardy agencies for new or altered space. Mr. Cooke stated that special conditions may make reductions difficult, e.g., the DOD \$7 billion construction program. Mr. Carmen affirmed that some agencies, such as VA and Justice, have approved growth plans which make net reductions difficult. Mr. Meese asserted that even these agencies can "double up" on office space to cut costs.

Mr. Wright agreed that White House help is needed to move the project ahead. Mr. Meese concurred, but added that agency top managers must watch over lower level decisions to assure good space management.

Action: Mr. Carmen is to submit a list of agencies that have not reported. OCA will take follow up action.

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Consulting Services Controls

Mr. Smith briefed the Council on the consultant control problem, pointing out that the \$1.5 billion official funding level could be as high as \$9 billion if a broader definition were used by OMB. He cautioned that Senator Mattingly's recent 10% restriction on HHS consultant services could spread to other agencies. He then explained his proposal for internal agency evaluations of completed contracts by responsible program staff.

Mr. Wright pointed out that the extent of the problem is unknown since the baseline numbers are uncertain, and noted the ineffectiveness of previous administrations in dealing with this problem. He cautioned against "micro-management", and urged that agencies adopt the OMB "Model Control System" made available to them last year. He said that the model system could probably be improved by a working group review.

Mr. Carmen distributed copies of GSA's agency-wide controls.

Mr. Meese said there can be no doubt that substantial waste exists, and that many contracts were not necessary, not evaluated upon completion, and usually were followed by a contractor proposal for further study.

Secretary Heckler said the 10% HHS restriction was not warranted by solid information and, in fact, many such contracts were virtually mandated by legislation. She agreed with Mr. Wright that OMB's model system could be very helpful.

Mr. Meese asked why more agencies had not adopted OMB's model. Mr. Alvarez pointed out VA had done so with good results. Mr. Ford noted that Labor has a similar model that is producing internal discipline. Mr. Wright said it is important to avoid different systems in every agency, or control results will never be known. He said that 11 of 13 agencies had not adopted OMB's model, and a working group could usefully examine the reasons.

Mr. Svahn cautioned that procedures alone are not enough, that contract output should be considered, and a link to program manager performance should be established, especially in the R&D area. Mr. Cooke explained that DOD requires an annual evaluation. He also referenced the problem of a definition of "consulting services."

Mr. Smith advocated that program people conduct evaluations, since contract staff have an incentive for turning out contracts. Mr. Svahn, however, noted that program people are often the greatest perpetrators of waste in this area.

Mr. Meese suggested that a working group be established to explore these concerns. Mr. Wright agreed, urging pre-screening of contracts as a responsibility of agency heads, and evaluation of completed contracts as a responsibility of program staff. Mr.

Brown said it is important to evaluate the results of the product or the program, with a linkage to performance evaluation of those authorizing the contract.

Mr. Meese concluded the discussion by stating that this issue is part of the larger contracting and procurement problem, and needs to receive higher priority in general.

Action: The Council approved establishing a CCMA Working Group, with a mandate to determine:

1. The extent of consulting contracts usage and abuse.
2. Why OMB's model has not been adopted by more agencies.
3. The type and extent of consulting controls in use.
4. Needed improvements.

#### Position Classification

Mr. Devine briefed the Council on a position management improvement strategy for controlling "grade creep." In response to a question from Mr. Meese, he stated that agreement with the agencies had been reached on the procurement classification issue, and that the librarian issue would be handled later.

Mr. Devine pointed out that recent OPM, OMB, and Grace Commission studies arrived at the basic conclusion that the government is "top heavy" relative to the private sector, and that the shift to higher grades is continuing, although at a somewhat slower pace. Three studies show 11-14% overgrading, with most occurring in the Washington, D.C. area. The cost of overgrading is estimated at \$682 million per year. As a result, a "bulge" exists, particularly in the GS 11-15 range which now comprises 38% of the workforce. Some experience exists in reducing grades within the Defense Department which was required to cut 6% of its GS 13-18 positions by September, 1981.

Four options were presented for reducing the bulge over four years, ranging from 10% down to less than 2%.

Action: Mr. Meese asked Council members to consider the data presented, and be prepared for further discussion on this issue at the next meeting.